

MTUBATUBA MUNICIPALITY



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ANNUAL BUDGET OF Mtubatuba Local Municipality (KZN275)

2014/15 TO 2016/17 MEDIUM TERM REVENUE AND EXPENDITURE FORECASTS

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Abbreviations and Acronyms

BPC	Budget Planning Committee
CBD	Central Business District
CFO	Chief Financial Officer
CM	City Manager
CRRF	Capital Replacement Reserve Fund
DBSA	Development Bank of South Africa
DoRa	Division of Revenue Act
EE	Employment Equity
EM	Executive Mayor
FBS	Free basic services
GAMAP	Generally Accepted Municipal Accounting Practice
GFS	Government Financial Statistics
GRAP	General Recognised Accounting Practice
HR	Human Resources
IDP	Integrated Development Strategy
IT	Information Technology
km	kilometre
KPA	Key Performance Area
KPI	Key Performance Indicator
LED	Local Economic Development
MEC	Member of the Executive Committee
MFMA	Municipal Financial Management Act
MIG	Municipal Infrastructure Grant
MMC	Member of Mayoral Committee
MPRA	Municipal Properties Rates Act
MSA	Municipal Systems Act
MTEF	Medium-term Expenditure Framework
MTREF	Medium-term Revenue and Expenditure Framework
NGO	Non-Governmental organisations
NKPIs	National Key Performance Indicators
OHS	Occupational Health and Safety
OP	Operational Plan
PBO	Public Benefit Organisation
PMS	Performance Management System
PPE	Property Plant and Equipment
PPP	Public Private Partnership
SALGA	South African Local Government Association
SAPS	South African Police Service
SDBIP	Service Delivery Budget Implementation Plan
SMME	Small Micro and Medium Enterprises
%	Percentage

1.1 Mayor's report

We are gathered here today, to table the 2014/2015 Annual Budget in compliance with the requirements of the Municipal Finance Management Act, Act 56 of 2003.

We are an aspirant Municipality, and as such we need to sustain growth and minimize the risk of undermining our success as a result of under-investment in the much needed infrastructure.

The 2014/2015 MTREF Budget maps out the road to the successful implementation of projects and programs through sound financial management which is crucial for ensuring the financial sustainability of the municipality. We are obliged to deliver services to our people on a financially sustainable basis, and this, we can only achieve by developing and implementing intervention strategies that enhance continuous improvement in governance and accountability.

For this coming financial year, tough decisions will be taken to ensure that our actions are geared towards improving the lives of many of our poor people. The task ahead, is:

- re-establish ourselves as one of the leading municipalities,
- work with increased determination to tackle the challenges facing our municipality,
- implement projects and programs that are budgeted for and linked to our IDP,
- monitor and evaluate service delivery progress,
- measure and evaluate performance, and
- Make sure that service delivery is prioritized and not compromised.

DEVELOPMENTAL OBJECTIVES FOR THE POLITICAL TERM

Our developmental objectives for the current political term, are geared towards the creation of conducive working environment leveling the playing fields so that, as a Municipal Council, we achieve the following:

- Infrastructure provision, maintenance and upgrade.
- Better audit report by 2014/15 (Unqualified).
- Support and strengthen local economic development, fight poverty and underdevelopment.
- Streamlining youth programs and skills development in order to fight crime at all levels.
- Empower and capacitate ward committees and other structures to ensure their optimum functionality.
- Enhance public participation and public relations.
- Strengthen decentralization of services to all areas within the municipality.
- Strengthen partnership and participation with other government spheres, private sector and all stakeholders in developing and improving the service delivery.

Let us accept the necessity for change, activate transformation of our society, and avoid the use of the levers of power in our hands to block the process of change.

We must not allow the phenomenon of uncertainty to be imposed on our thinking as a scare crow that frightens us away from the process of changing the way things were done. Change must come and change must be now.

1.2 Council Resolutions

On 03 June 2014 the Council of Mtubatuba Local Municipality met in the Council Chambers of Mtubatuba local municipality to consider the annual budget of the municipality for the financial year 2014/2015. The Council approved and adopted the following resolutions:

1. The council of Mtubatuba local Municipality, acting in terms of section 24 of the Municipal finance Management Act, (Act 56 of 2003) approves and adopts:
 - 1.1. The annual budget of the municipality for the financial year 2014/2015 and the multi- year and single year capital appropriations as set out in the following tables:
 - 1.1.1. Budgeted financial performance (revenue and expenditure by standard classifications) as contained in table 11 on page 20;
 - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote)as contained in table 12 on page 22;
 - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in table 12 on page 23;
 - 1.1.4. Single year capital appropriations by municipal vote and standard classifications and associated funding by source as contained in table 14 on page 25
 - 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
 - 1.2.1. Budgeted Financial Position as contained in Table 15 on page 27;
 - 1.2.2. Budgeted Cash Flows as contained in Table 16 on page 28;
 - 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table 17 on page 29;
 - 1.2.4. Asset management as contained in Table 18 on page 31; and
 - 1.2.5. Basic service delivery measurement as contained in Table 19 on page 33
2. The Council of Mtubatuba Local Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2010:
 - 2.1. The tariffs for property rates,
 - 2.2. The tariffs for solid waste services.
3. The Council of Mtubatuba Local Municipality, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with Effect from 1 July 2014 the tariffs for other services.

4. To give proper effect to the municipality's annual budget, the Council of Mtubatuba Local Municipality approves:
 - 4.1. That cash backing is implemented through the utilisation of a portion of Revenue generated from property rates to ensure that all capital reserves and provisions, unspent long-term loans and unspent conditional grants are cash backed as required in terms of the municipality's funding and reserves policy as prescribed by section 8 of the Municipal Budget and Reporting Regulations.
 - a. That the municipality be permitted to enter into long-term loans for the funding of the capital programmes in respect of the 2014/15 financial year limited to an amount of that will be determined by the council after considering all material fact per financial year of the MTREF in terms of Section 46 of the Municipal Finance Management Act.
 - b. That the Municipal Manager be authorised to sign all necessary agreements and documents to give effect to the above lending programme.

1.3 Executive Summary

The application of sound financial management principles for the compilation of the municipal financial plan is essential and critical to ensure that the municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities. The municipal business and service delivery priorities were reviewed as part of this year planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial management. A critical review was also undertaken of expenditures on noncore and nice to have" items. Key areas where savings were realized were on overtime, subsistence and travelling, consumables and consultancy fees to name a few.

The Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers namely a rebate of 50% to those with long outstanding debt, involving the attorneys for those that have means to pay but not paying. Furthermore, the municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

The following budget principles and guidelines directly informed the compilation of the 2014/15 MTREF:

- The 2013/14 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2014/15 annual budget.
- The following table is a consolidated overview of the proposed 2014/15 Medium-term Revenue and Expenditure Framework

Table 1 Consolidated Overview of the 2014/15 MTREF

Mtubatuba Local Municipality- 2014/15 Annual Budget and MTREF

KZN275 Mtubatuba - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description R thousand	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Total Revenue (excluding capital transfers and contributions)		44,643	80,429	91,928	117,786	105,236	105,236	105,235	135,956	170,751	178,809
Total Expenditure		76,149	81,029	84,278	105,840	96,474	96,474	96,475	107,729	113,011	120,796
Surplus/(Deficit)		(31,505)	(599)	7,649	11,946	8,762	8,762	8,760	28,226	57,740	58,013
Total Capital Expenditure - Standard	3	20,961	20,910	33,480	47,668	40,818	40,818	40,818	45,807	84,793	86,487

Total operating revenue has grown by 23% or R30.72 million for the 2014/15 financial year when compared to the 2013/14 adjustment budget. For the two outer year, operational revenue will increase by 20.37% or R34.79 million and 4.5 %R8.05 million respectively, equating to a total revenue growth of R73.56 million over the MTREF when compared to the 2013/14 financial year.

Total operating expenditure for the 2014/15 financial year have been appropriated at R107.72 million and result in a budgeted surplus of R28.22 million. When compared to the 2014/15 adjustment budget, operational expenditure have increase by 10.4% and by 4.7% and 6.4% for each of the respective outer year in the MTREF. The operating surplus for the two outer years increase to R115.75 million. These surplus will be used to fund capital expenditure and to further ensure of cash backing of reserves and funds

The capital expenditure have increase by 10.89% or R4.99 million when compared to the 2013/14 adjustment budget. The increase is as a result of project that are not yet finalized and the new one that the municipality will embark on. It has also increase by R38.98 million or 45.97% and R1.69 million 1.95% respectively for the two outer years. The other portion of the capital expenditure will be funded internally by the surplus reflected on the statement of financial performance. The municipality is not intending to borrow to fund capital project.

1.4. Operating Revenue Framework

Mtubatuba local municipality will continue to improve the quality of services that its provided to its citizen, therefore it need to generate much needed revenue. A strong revenue management is fundamental to the financial sustainability of each municipality. The reality is that we are faced with high unemployment and poverty. The expenditure required to address these challenges will inevitable exceed available funding (resource constraint) hence difficult choices have to be made to balance expenditure against realistic anticipated revenue.

The municipality revenue strategy is built around the key components:

- National Treasury guidelines and macroeconomics;
- Efficient revenue management which aim to ensure a 70% annual collection rate for property rates and other key service charges;

Mtubatuba Local Municipality- 2014/15 Annual Budget and MTREF

- The Municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- The municipality's indigent policy and rendering of free basic services; and
- Tariff policy of the municipality.

The following table is the summary of the 2014/2015 MTREF

Table 2 summary of revenue classified by main revenue sources

Description R thousand	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue By Source											
Property rates	2	13,424	17,205	19,227	21,724	21,724	21,724	21,724	23,585	24,785	26,037
Property rates - penalties & collection charges		2,168	–	–	–	–	–	–	–	–	–
Service charges - electricity revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - water revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - sanitation revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - refuse revenue	2	4,619	3,416	3,575	4,261	3,441	3,441	3,441	4,034	4,240	4,454
Service charges - other		1,453	1,433	1,448	1,658	1,658	1,658	1,658	1,658	1,658	1,658
Rental of facilities and equipment		270	255	216	161	201	201	201	817	859	902
Interest earned - external investments		200	72	455	300	400	400	400	424	446	468
Interest earned - outstanding debtors		–	5,973	4,126	4,067	4,067	4,067	4,067	4,311	4,530	4,759
Dividends received		–	–	–	–	–	–	–	–	–	–
Fines		199	233	2,321	15,955	153	153	153	1,745	1,834	1,926
Licences and permits		2,438	2,960	2,960	2,420	3,056	3,056	3,056	3,240	3,405	3,577
Agency services		–	–	–	–	–	–	–	–	–	–
Transfers recognised - operational		18,975	45,265	54,436	66,739	68,164	68,164	68,164	90,448	123,012	128,743
Other revenue	2	900	3,617	2,042	339	1,197	1,197	1,196	1,269	1,333	1,401
Gains on disposal of PPE		–	–	1,122	162	1,175	1,175	1,175	4,425	4,650	4,885
Total Revenue (excluding capital transfers and contributions)		44,643	80,429	91,928	117,786	105,236	105,236	105,235	135,956	170,751	178,809

Table 3 Percentage growth in revenue by main revenue source

Description	2014/15 Medium Term Revenue & Expenditure Framework						
	Adjusted Budget	Budget Year 2014/15	%increase	Budget Year +1 2015/16	%increase	Budget Year +2 2016/17	%increase
Revenue By Source							
Property rates	21,724	23,585	7.89	24,785	4.84	26,037	4.81
Property rates - penalties & collection charges	-	-	-	-	-	-	-
Service charges - electricity revenue	-	-	-	-	-	-	-
Service charges - water revenue	-	-	-	-	-	-	-
Service charges - sanitation revenue	-	-	-	-	-	-	-
Service charges - refuse revenue	3,441	4,034	14.70	4,240	4.86	4,454	4.80
Service charges - other	1,658	1,658	0.00	1,658	-	1,658	-
Rental of facilities and equipment	201	817	75.40	859	4.84	902	4.81
Interest earned - external investments	400	424	5.66	446	4.84	468	4.81
Interest earned - outstanding debtors	4,067	4,311	5.65	4,530	4.84	4,759	4.81
Dividends received	-	-	-	-	-	-	-
Fines	153	1,745	91.23	1,834	4.84	1,926	4.81
Licences and permits	3,056	3,240	5.68	3,405	4.84	3,577	4.81
Agency services	-	-	-	-	-	-	-
Transfers recognised - operational	68,164	90,448	24.64	123,012	26.47	128,743	4.45
Other revenue	1,197	1,269	5.67	1,333	4.80	1,401	4.85
Gains on disposal of PPE	1,175	4,425	73.45	4,650	4.84	4,885	4.81
Total Revenue (excluding capital transfers and contributions)	105,236	135,956		170,751		178,810	

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as the inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

The main revenue that the municipality has come from operating grants. They constitute a 66.53% of the total revenue in 2014/15 financial year and for the outer years 27.95% and 27.99% respectively.

Revenue generated from rates and services charges is the second highest revenue source for revenue basket of the municipality. Although there is a slight increase in revenue of the MTREF; it still form the highest out of the total internal generated funds. When compared to the adjustment budget, it has increase by 7.89% in the 2014/15

financial year and 4.84% and 4.81 in the outer year respectively. The municipality will strengthen its collection system which will result in more funds coming in the municipality. Key post in the revenue section will be filled so that there will be more manpower and supervision.

Revenue from refuse will increase by 14.70% in the 2014/15; for the outer years it will increase by 4.86% and 4.80% respectively. The increase in refuse revenue is as a result of the increase in number of households within the municipal jurisdiction.

There was no increase in the services charge other. The budget was drafted on the contract that the municipality has and up until things change we will adjust accordingly. Rental of facilities and equipment will increase by 75.40% in the 2014/15 financial year. This is as a result of the site leases which was not budgeted for in prior years. The municipality has potential investors that will lease the site. Site rentals are of the demand to the municipality due to the mall that have been recently built. Rentals will also increase by 4.84% and 4.81% in the MTREF.

Interest earned external investment will increase by 5.66% in the 2014/2015 financial year. For the outer years; it will increase by 4.84% and 4.81% respectively. The municipality plan to have the investment that will yield interest which will boost our internal generated funds in order to fund capital project. Services delivery is the key to our municipality.

Traffic fines will increase by 91.23% in the 2014/15 financial year. The municipality have introduced the speed camera system which is doing well at the moment. People are currently paying their fines and we anticipate that they will do so in future.

Gain on disposal of the PPE will increase by 73.45%. There is the piece of land that the municipality will sell in the 2014/15 financial year which will yield a profit.

1.5. Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0, 25:1.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA).
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy;

- The rate-able property concerned must be occupied only by the applicant and his/her spouse, if any, and by dependants without income;
- The applicant must submit proof of his/her age and identity and, in the case of a physically or mentally handicapped person, proof of certification by a Medical Officer of Health, also proof of the annual income from a social pension;

The Municipality may award a 100 per cent grant-in-aid on the assessment rates of rate-able properties of certain classes such as registered welfare organizations, institutions or organizations performing charitable work, sports grounds used for purposes of amateur sport. The owner of such a property must apply to the Chief Financial Officer in the prescribed format for such a grant.

1.6. Operating Expenditure Framework

The Municipal expenditure framework for the 2014/15 budget and MTREF is informed by the following:

- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of no project plan no budget. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2014/15 budget and MTREF (classified per main type of operating expenditure):

Table 4 Summary of operating expenditure by standard classification item

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Expenditure By Type											
Employee related costs	2	20,067	27,428	32,893	56,834	37,767	37,767	37,768	43,017	46,458	50,175
Remuneration of councillors		2,465	9,789	10,061	–	10,004	10,004	10,004	10,502	11,027	11,578
Debt impairment	3	8,417	6,812	6,436	4,867	3,640	3,640	3,640	5,159	5,421	5,695
Depreciation & asset impairment	2	5,708	6,589	11,014	7,998	6,020	6,020	6,020	7,791	8,188	8,601
Finance charges		826	180	978	510	410	410	410	541	568	597
Bulk purchases	2	–	–	–	–	–	–	–	–	–	–
Other materials	8	5,527	7,408	–	4,332	3,909	3,909	3,909	10,348	10,124	10,620
Contracted services		1,109	1,047	1,140	13,188	9,800	9,800	9,800	11,632	11,530	12,841
Transfers and grants		–	–	–	–	–	–	–	–	–	–
Other expenditure	4, 5	19,300	19,276	21,756	18,112	24,924	24,924	24,924	18,740	19,694	20,688
Loss on disposal of PPE		12,730	2,500	–	–	–	–	–	–	–	–
Total Expenditure		76,149	81,029	84,278	105,840	96,474	96,474	96,475	107,729	113,011	120,796

Table 5 Percentage growth in expenditure by type.

Description	2014/15 Medium Term Revenue & Expenditure Framework						
R thousand	Adjusted Budget	Budget Year 2014/15	%increase	Budget Year +1 2015/16	%increase	Budget Year +2 2016/17	% increase
Expenditure By Type							
Employee related costs	37,767	43,017	12.20	46,458	7.41	50,175	7.41
Remuneration of councillors	10,004	10,502	4.74	11,027	4.76	11,578	4.76
Debt impairment	3,640	5,159	29.44	5,421	4.84	5,695	4.81
Depreciation & asset impairment	6,020	7,791	22.73	8,188	4.85	8,601	4.80
Finance charges	410	541	24.16	568	4.84	597	4.81
Bulk purchases	-	-	-	-	-	-	-
Other materials	3,909	10,348	62.23	10,124	- 2.21	10,620	4.67
Contracted services	9,800	11,632	15.75	11,530	- 0.88	12,841	10.21
Transfers and grants	-	-	-	-	-	-	-
Other expenditure	24,924	18,740	- 33.00	19,694	4.84	20,688	4.80
Loss on disposal of PPE	-	-	-	-	-	-	-
Total Expenditure	96,474	107,729		113,010		120,795	0

The budgeted allocation for employee related costs for the 2014/15 financial year totals R43.01 million. When compared to the 2013/14 adjustment budget, salaries have increase by 12.20%. The increase in salaries relate to the prioritization of critical post that need to be filled by the Municipality within the financial period which is 2014/2015. In addition expenditure against overtime was significantly reduced, with provisions against this budget item only being provided for emergency services and other critical functions. For the outer years, salaries will increase by 7.41% and 7.41% respectively which will be regarded as the estimate for the salary increase per year. The municipality has begun the process of filling those critical post.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). Remunerations to councillors has increase by 4.76% throughout the MTREF.

The provision of debt impairment was determined based on an annual collection rate of 70% and the Debt Write-off Policy of municipality. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Budget appropriations in this regard total R7.7 million for the 2014/15 financial and equates to 9.27% of the total operating expenditure. A range of assets previously not included in the assets register has now been put to the assets

register. This has resulted in a significant increase in depreciation relative to previous years.

Finance charges have increase by 24.16% in the 2014/15 budget year when compared to the 2013/14 adjustment budget. The finance charges also relate to the long term borrowing from the DBSA. It also relate to finance lease from ABSA, WesBank and operating lease from Nashua Zululand.

Other materials comprises of amongst others the purchase of fuel, diesel, materials for maintenance, cleaning materials, etc. Other materials relate to repairs and maintenance that will be done internally. Repairs and maintenance have increase by 62.23% in the 2014/15 budget period when compared to the 2013/14 adjustment budget. The increase is based on capital project that have recently been completed. Therefore the repairs and maintenance relates to the capital assets.

Contracted Services have increase by 15.75% in the 2014/15 budget period when compared to the 2013/14 adjustment budget. Contracted services comprise of security St Lucia, Asset protection for municipal facilities, maintenance of parks and garden, maintenance of townships and suburbs. For the outer years, contracted services will grow by 0.88% and 10.21% for the outer years.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. Other expenditure have decrease by 33% in 2014/15 budget period when compared to the 2013/14 adjustment budget. For the outer years it has increase by 4.84% and 4.80 in the MTREF. The table summarises the components of other expenditure by type.

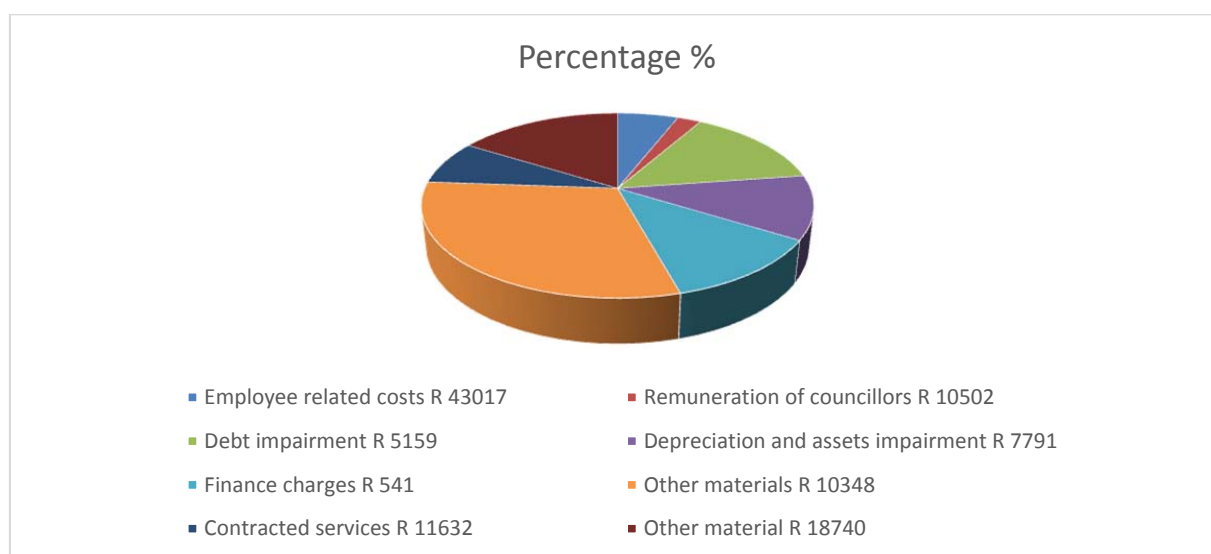
Mtubatuba Local Municipality- 2014/15 Annual Budget and MTREF

Table 6 components of other expenditure

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand											
Other Expenditure By Type											
Collection costs	3		600	287	230	254	254	254	269	283	297
Contributions to 'other' provisions			–	–	–	–	–	–	–	–	–
Consultant fees		743	3,221	1,227	5,819	8,100	8,100	8,100	2,908	3,056	3,210
Audit fees		1,479	1,413	1,794	1,400	2,100	2,100	2,100	2,500	2,627	2,760
General expenses		1,503	–	185		2,974	2,974	2,974	1,043	1,097	1,153
Security guards and security syatems		1,756	4,470	5,978		200	200	200	150	158	166
Transport(Subsistance and Travel)		1,143	3	29		3,223	3,223	3,223	1,194	1,255	1,318
Special programmes(Art& culture,HIV,Disability)		3,897	1,144	943		459	459	459	450	473	497
Fuel & Oil		698	902	761		968	968	968	1,000	1,051	1,104
Website hosting cost						750	750	750	420	441	464
Printing and Stationery		390	610	754		497	497	497	794	834	877
Disister Management		2,257	715	2,428		430	430	430	600	631	662
Electricity		497	737	563		229	229	229	354	372	390
Telephone and fax		643	458	818		753	753	753	600	631	662
Consumables			350	576		817	817	817	530	557	585
Repayment of MIG			–	–	10,663	–	–	–	–	–	–
Rental -office machine and plant and equipment			812	354		26	26	26	1,315	1,382	1,451
Advertising		360	230	200		604	604	604	250	263	276
Councillor and Staff Training		424	211	155		–	–	–	760	799	839
Ward Committees			–	–		1,140	1,140	1,140	1,480	1,555	1,634
Uniforms and protective clothing	239	219	2		280	280	280	350	368	386	
Legal fees		–	–		650	650	650	600	631	662	
LED Project		–	–		71	71	71	100	105	110	
Bank Charges	134	154	105		–	–	–	148	156	164	
Sewerage and waste disposal	3,136	2,638	2,302		–	–	–	–	–	–	
Project maintainance cost and maintainance plan		109	2,049		–	–	–	500	525	552	
Insurance		280	245		400	400	400	424	446	468	
Total 'Other' Expenditure	1	19,300	19,276	21,756	18,112	24,924	24,924	24,924	18,740	19,694	20,688

The following pie chart gives the main break down of main expenditure categories for the 2014/15 financial year.

Figure 1 summary of expenditure



1.7. Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Mtubatuba council Indigent Policy. The target is to register 500 or more indigent households during the 2013/14 financial year, a process reviewed annually. The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

1.8 Repairs and maintenance

Aligned to the priority being given to preserving and maintaining the municipal infrastructure, the 2014/15 budget and MTREF provide for extensive growth in the area of asset maintenance. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance:

Table 7 Repairs and maintenance per assets class

KZN275 Mtubatuba - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description		Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
R thousand		1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Repairs and maintenance expenditure by Asset Class/Sub-class											
Infrastructure			-	-	-	2,450	1,900	1,900	6,700	7,041	7,397
Infrastructure - Road transport			-	-	-	1,650	1,500	1,500	6,300	6,621	6,955
Roads, Pavements & Bridges						350	800	800	5,000	5,255	5,520
Storm water						1,300	700	700	1,300	1,366	1,435
Infrastructure - Electricity			-	-	-	800	400	400	400	420	442
Street Lighting						800	400	400	400	420	442
Community			-	-	-	300	350	350	450	473	497
Parks & gardens											
Sportsfields & stadia						-	150	150	150	158	166
Cemeteries						300	200	200	300	315	331
Other assets			-	-	-	1,865	1,942	1,942	3,198	2,611	2,727
General vehicles						210	233	233	223	234	246
Computers - hardware/equipment						155	-	-	56	58	61
Furniture and other office equipment						998	884	884	420	441	464
Other Buildings						286	624	624	1,150	1,209	1,270
Other						217	201	201	1,350	669	686
Total Repairs and Maintenance Expenditure		1	-	-	-	4,615	4,192	4,192	10,348	10,125	10,620

For the 2014/15 financial year, 64.74% or R6.7 million of total repairs and maintenance will be spent on infrastructure assets. Roads has received a significant proportion of this allocation totaling 94% (R6.3 million), Community assets repairs amount to 450 thousand rand or 4.35% of the total expenditure. Other assets repairs amount to R 3.19 million or 30.90% of the total expenditure.

1.9. Capital expenditure

The following table provides a breakdown of capital expenditure for the 2014/15 by vote.

Table 8 2014/15 medium term capital expenditure per vote

KZN275 Mtubatuba - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Single-year expenditure to be appropriated	2										
Vote 1 - Executive and Council		210	447	-	-	-	-	-	-	-	-
Vote 2 - Budget and Treasury		5,471	5,325	4,836	-	-	-	-	-	-	-
Vote 3 - Corporate Services		1,049	671	-	1,332	850	850	850	1,077	1,132	1,189
Vote 4 - Community Services		1,643	1,343	1,469	1,760	1,050	1,050	1,050	2,000	2,102	2,208
Vote 5 - Planning and Economic Development		12,589	14,583	6,206	200	-	-	-	-	-	-
Vote 6 - Roads		-	-	4,972	27,096	38,668	38,668	38,668	41,700	79,500	81,000
Vote 7 - Licence and Permits		-	-	-	255	250	250	250	580	610	640
Vote 8 - Solid Waste		-	-	-	-	-	-	-	450	1,450	1,450
Capital single-year expenditure sub-total		20,961	22,370	17,482	30,643	40,818	40,818	40,818	45,807	84,793	86,487
Total Capital Expenditure - Vote		20,961	22,370	17,482	30,643	40,818	40,818	40,818	45,807	84,793	86,487

Table 9 showing the percentage increase in capital budget per vote.

KZN275 Mtubatuba - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding							
Vote Description	R thousand	2014/15 Medium Term Revenue & Expenditure Framework					
		Adjusted Budget	Budget Year 2014/15	%	Budget Year +1 2015/16	%	Budget Year +2 2016/17
Single-year expenditure to be appropriated							
Executive and council		-	-	-	-	-	-
Budget and treasury							
Corporate services		850	1,077	21.08	1,132	4.86	1,189
Community services		1,050	2,000	47.50	2,102	4.85	2,208
Planning and economic development		-	-	-	-	-	-
Roads		38,668	41,700	7.27	79,500	47.55	81,000
Licence and permits/ Vehicle testing station		250	580	56.90	610	4.92	640
Solid waste		-	450	100.00	1,450	68.97	1,450
Total Capital Expenditure - Vote		40,818	45,807		84,794		86,487

For 2014/15 an amount of R 41.7 million has been appropriated for the development of roads and infrastructure and which represents 91.1% of the total capital budget. In the outer years this amount totals R79.5 million, 93.75% and R 81 million, 93.65% respectively for each of the financial years. The remaining 9% of the capital budget will be used in purchasing the furniture and office equipment. For details of the capital expenditure is found on supporting table SA34A of the budget.

The medium term capital expenditure comprises of the following:

- Infrastructure roads R23 million

- Electricity reticulation R 8.5 million
- Sport field R1.1 million
- Community assets halls R6.1 million
- Recreational facilities R 1 million
- Market stall and other R 150 thousand
- Motor vehicles R2.1 million
- Office equipment, furniture and fittings, computer equipment and ammunition R 857.2 thousand.

1.10. Annual budget tables- Parent municipality

The following pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2014/15 budget and MTREF as approved by the Council. Each table is accompanied by explanatory notes on the facing page.

Table 10 MBRR table A1- Budget summary

Mtubatuba Local Municipality- 2014/15 Annual Budget and MTREF

KZN275 Mtubatuba - Table A1 Budget Summary

Description	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousands										
Financial Performance										
Property rates	15,591	17,205	19,227	21,724	21,724	21,724	21,724	23,585	24,785	26,037
Service charges	6,071	4,849	5,023	5,919	5,099	5,099	5,099	5,692	5,898	6,112
Investment revenue	200	72	455	300	400	400	400	424	446	468
Transfers recognised - operational	18,975	45,265	54,436	66,739	68,164	68,164	68,164	90,448	123,012	128,743
Other own revenue	3,806	13,038	12,787	23,104	9,849	9,849	9,848	15,806	16,611	17,450
Total Revenue (excluding capital transfers and contributions)	44,643	80,429	91,928	117,786	105,236	105,236	105,235	135,956	170,751	178,809
Employee costs	20,067	27,428	32,893	56,834	37,767	37,767	37,768	43,017	46,458	50,175
Remuneration of councillors	2,465	9,789	10,061	-	10,004	10,004	10,004	10,502	11,027	11,578
Depreciation & asset impairment	5,708	6,589	11,014	7,998	6,020	6,020	6,020	7,791	8,188	8,601
Finance charges	826	180	978	510	410	410	410	541	568	597
Materials and bulk purchases	5,527	7,408	-	4,332	3,909	3,909	3,909	10,348	10,124	10,620
Transfers and grants	-	-	-	-	-	-	-	-	-	-
Other expenditure	41,556	29,634	29,332	36,166	38,364	38,364	38,364	35,531	36,646	39,225
Total Expenditure	76,149	81,029	84,278	105,840	96,474	96,474	96,475	107,729	113,011	120,796
Surplus/(Deficit)	(31,505)	(599)	7,649	11,946	8,762	8,762	8,760	28,226	57,740	58,013
Transfers recognised - capital	16,611	19,360	27,790	33,498	32,793	32,793	32,798	30,148	39,491	41,148
Contributions recognised - capital & contributed	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(14,894)	18,760	35,440	45,444	41,555	41,555	41,558	58,374	97,231	99,161
Share of surplus/ (deficit) of associate	-	(2,500)	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	(14,894)	16,261	35,440	45,444	41,555	41,555	41,558	58,374	97,231	99,161
Capital expenditure & funds sources										
Capital expenditure	20,961	20,910	33,480	47,668	40,818	40,818	40,818	45,807	84,793	86,487
Transfers recognised - capital	20,354	20,811	30,858	30,858	32,793	32,793	32,793	30,148	39,491	41,184
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	607	100	2,622	16,810	8,025	8,025	8,025	15,659	45,302	45,303
Total sources of capital funds	20,961	20,911	33,480	47,668	40,818	40,818	40,818	45,807	84,793	86,487
Financial position										
Total current assets	34,626	8,906	18,446	11,332	11,413	12,269	12,269	49,049	50,992	58,539
Total non current assets	116,628	293,240	306,836	157,893	157,291	157,893	157,893	332,122	397,800	465,185
Total current liabilities	42,838	35,522	32,592	9,180	7,500	9,180	7,500	18,974	4,294	3,860
Total non current liabilities	5,757	6,979	6,471	10,366	10,366	14,866	14,866	1,212	-	-
Community wealth/Equity	102,659	259,646	286,557	21,348	21,348	21,348	21,348	360,986	444,497	519,865
Cash flows										
Net cash from (used) operating	20,988	19,270	34,911	30,407	30,407	30,407	30,407	57,652	88,796	100,324
Net cash from (used) investing	(12,180)	4,939	(25,382)	44,684	44,684	44,684	44,684	(41,382)	(70,143)	(71,102)
Net cash from (used) financing	1,212	1,987	(1,895)	1,646	1,646	1,646	1,646	(1,700)	-	-
Cash/cash equivalents at the year end	11,520	37,717	45,351	77,593	76,737	77,593	76,737	14,570	33,224	62,446
Cash backing/surplus reconciliation										
Cash and investments available	(4,806)	(6,001)	1,633	2,856	2,000	2,856	2,856	17,208	21,413	32,235
Application of cash and investments	3,875	9,333	5,746	592	(2,558)	(2,558)	(2,558)	(14,136)	(22,547)	(25,744)
Balance - surplus (shortfall)	(8,681)	(15,334)	(4,113)	2,264	4,558	5,414	5,414	31,344	43,961	57,979
Asset management										
Asset register summary (WDV)	38,475	25,947	25,825	110,117	65,320	65,922	71,451	71,451	100,477	101,671
Depreciation & asset impairment	5,708	6,589	11,014	7,998	6,020	6,020	7,791	7,791	8,188	8,601
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	-	-	-	4,615	4,192	4,192	10,348	10,348	10,125	10,620
Free services										
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	-	-	-	-	-	-	-	-	-	-
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	0	-	-	-	-	-	-	-	-	-

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipal budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
 - iii. Internally generated funds is financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services continue to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs. It is anticipated that by 2016/17 the waste collection backlog will have been very nearly eliminated.

Mtubatuba Local Municipality- 2014/15 Annual Budget and MTREF

Table 11 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

KZN275 Mtubatuba - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand	1									
Revenue - Standard										
<i>Governance and administration</i>		49,453	78,280	79,013	121,144	91,728	91,728	118,604	155,269	162,638
Executive and council		153	-	-	16,643	-	-	-	-	-
Budget and treasury office		49,301	78,280	78,717	104,501	91,728	91,728	118,604	155,269	162,638
Corporate services		-	-	296	-	-	-	-	-	-
<i>Community and public safety</i>		2,637	-	4,723	5,221	5,101	5,101	6,342	4,395	4,539
Community and social services		2,637	-	4,723	5,221	5,101	5,101	6,342	4,395	4,539
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		3,093	-	32,572	40,662	37,762	37,762	37,123	46,339	48,363
Planning and development		70	-	7,721	47	55	55	58	61	64
Road transport		3,023	-	24,851	40,614	37,707	37,707	37,065	46,278	48,299
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		4,619	-	3,536	4,261	3,441	3,441	4,034	4,240	4,454
Electricity		-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		4,619	-	3,536	4,261	3,441	3,441	4,034	4,240	4,454
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	2	59,802	78,280	119,844	171,288	138,032	138,032	166,103	210,242	219,993
Expenditure - Standard										
<i>Governance and administration</i>		33,161	-	43,427	70,904	54,948	54,948	62,482	64,367	68,161
Executive and council		10,552	-	15,624	21,049	20,722	20,722	23,065	24,432	25,881
Budget and treasury office		18,683	-	22,149	29,911	25,775	25,775	28,155	27,969	29,564
Corporate services		3,925	-	5,654	19,944	8,451	8,451	11,262	11,967	12,716
<i>Community and public safety</i>		15,856	-	16,792	38,463	19,630	19,630	17,332	18,411	19,555
Community and social services		15,856	-	16,792	38,463	19,630	19,630	17,332	18,411	19,555
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		11,924	-	27,224	62,947	57,870	57,870	70,325	107,328	110,711
Planning and development		-	-	1,161	27,797	3,866	3,866	4,213	4,519	4,849
Road transport		11,924	-	26,062	35,150	54,004	54,004	66,112	102,809	105,863
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		8,565	-	5,702	1,218	3,770	3,770	10,386	11,259	11,868
Electricity		-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		8,565	-	5,702	1,218	3,770	3,770	10,386	11,259	11,868
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	3	69,507	-	93,145	173,531	136,217	136,217	160,525	201,365	210,296
Surplus/(Deficit) for the year		(9,705)	78,280	26,699	(2,244)	1,815	1,815	5,579	8,877	9,697

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile „whole of government“ reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the operational services (e.g. property rates) should exceed their expenditures, but not the Waste management function.
4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources.

Table 12 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

KZN275 Mtubatuba - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Table A: Budgeted Financial Performance (Revenue and Expenditure by Municipal Vote)										
Vote Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand										
Revenue by Vote	1									
Vote 1 - Executive and Council		599	1,983	–	16,643	–	–	–	–	–
Vote 2 - Budget and Treasury		15,595	23,598	78,717	63,284	63,284	63,284	118,604	155,269	162,638
Vote 3 - Corporate Services		2,994	2,974	296	–	–	–	–	–	–
Vote 4 - Community Services		4,682	5,950	4,273	14,265	3,025	3,025	6,342	4,395	4,539
Vote 5 - Planning and Economic Development		35,931	64,625	7,721	4,755	55	55	58	61	64
Vote 6 - Roads		–	–	19,576	38,041	34,498	34,498	32,083	41,043	42,799
Vote 7 - Licence and Permits		3,023	–	5,275	8,322	3,209	3,209	4,982	5,235	5,500
Vote 8 - Solid Waste		4,619	–	3,536	9,510	3,441	3,441	4,034	4,240	4,454
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–	–	–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–
Total Revenue by Vote	2	67,442	99,129	119,394	154,821	107,512	107,512	166,103	210,242	219,993
Expenditure by Vote to be appropriated	1									
Vote 1 - Executive and Council		724	1,609	15,624	21,049	20,722	20,722	23,065	24,432	25,881
Vote 2 - Budget and Treasury		18,883	19,150	22,149	29,911	25,775	25,775	28,155	27,969	29,564
Vote 3 - Corporate Services		3,621	2,413	5,654	19,944	8,451	8,451	11,262	11,967	12,716
Vote 4 - Community Services		5,670	4,829	16,792	38,463	19,629	19,629	17,332	18,411	19,555
Vote 5 - Planning and Economic Development		43,453	52,445	1,161	27,797	3,866	3,866	4,213	4,519	4,849
Vote 6 - Roads		–	–	15,006	33,921	44,518	44,518	56,693	92,682	94,974
Vote 7 - Licence and Permits		–	–	11,056	1,230	9,486	9,486	9,418	10,126	10,888
Vote 8 - Solid Waste		8,565	–	5,702	1,218	3,770	3,770	10,386	11,259	11,868
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–	–	–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–
Total Expenditure by Vote	2	80,917	80,447	93,144	173,531	136,217	136,217	160,525	201,365	210,296
Surplus/(Deficit) for the year	2	(13,475)	18,682	26,250	(18,711)	(28,705)	(28,705)	5,579	8,877	9,697

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

- Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the municipality. This means it is possible to present the operating surplus or deficit of a vote.

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Table 13 MBRR Table A4 - Budgeted Financial Performance (revenue by source and expenditure by type).

KZN275 Mtubatuba - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand	1										
Revenue By Source											
Property rates	2	13,424	17,205	19,227	21,724	21,724	21,724	21,724	23,585	24,785	26,037
Property rates - penalties & collection charges		2,168	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	4,619	3,416	3,575	4,261	3,441	3,441	3,441	4,034	4,240	4,454
Service charges - other		1,453	1,433	1,448	1,658	1,658	1,658	1,658	1,658	1,658	1,658
Rental of facilities and equipment		270	255	216	161	201	201	201	817	859	902
Interest earned - external investments		200	72	455	300	400	400	400	424	446	468
Interest earned - outstanding debtors		-	5,973	4,126	4,067	4,067	4,067	4,067	4,311	4,530	4,759
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines		199	233	2,321	15,955	153	153	153	1,745	1,834	1,926
Licences and permits		2,438	2,960	2,960	2,420	3,056	3,056	3,056	3,240	3,405	3,577
Agency services		-	-	-	-	-	-	-	-	-	-
Transfers recognised - operational		18,975	45,265	54,436	66,739	68,164	68,164	68,164	90,448	123,012	128,743
Other revenue	2	900	3,617	2,042	339	1,197	1,197	1,196	1,269	1,333	1,401
Gains on disposal of PPE		-	-	1,122	162	1,175	1,175	1,175	4,425	4,650	4,885
Total Revenue (excluding capital transfers and contributions)		44,643	80,429	91,928	117,786	105,236	105,236	105,235	135,956	170,751	178,809
Expenditure By Type											
Employee related costs	2	20,067	27,428	32,893	56,834	37,767	37,767	37,768	43,017	46,458	50,175
Remuneration of councillors		2,465	9,789	10,061	-	10,004	10,004	10,004	10,502	11,027	11,578
Debt impairment	3	8,417	6,812	6,436	4,867	3,640	3,640	3,640	5,159	5,421	5,695
Depreciation & asset impairment	2	5,708	6,589	11,014	7,998	6,020	6,020	6,020	7,791	8,188	8,601
Finance charges		826	180	978	510	410	410	410	541	568	597
Bulk purchases	2	-	-	-	-	-	-	-	-	-	-
Other materials	8	5,527	7,408	-	4,332	3,909	3,909	3,909	10,348	10,124	10,620
Contracted services		1,109	1,047	1,140	13,188	9,800	9,800	9,800	11,632	11,530	12,841
Transfers and grants		-	-	-	-	-	-	-	-	-	-
Other expenditure	4, 5	19,300	19,276	21,756	18,112	24,924	24,924	24,924	18,740	19,694	20,688
Loss on disposal of PPE		12,730	2,500	-	-	-	-	-	-	-	-
Total Expenditure		76,149	81,029	84,278	105,840	96,474	96,474	96,475	107,729	113,011	120,796
Surplus/(Deficit)		(31,505)	(599)	7,649	11,946	8,762	8,762	8,760	28,226	57,740	58,013
Transfers recognised - capital		16,611	19,360	27,790	33,498	32,793	32,793	32,798	30,148	39,491	41,148
Contributions recognised - capital	6	-	-	-	-	-	-	-	-	-	-
Contributed assets		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		(14,894)	18,760	35,440	45,444	41,555	41,555	41,558	58,374	97,231	99,161
Taxation		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		(14,894)	18,760	35,440	45,444	41,555	41,555	41,558	58,374	97,231	99,161
Attributable to minorities		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		(14,894)	18,760	35,440	45,444	41,555	41,555	41,558	58,374	97,231	99,161
Share of surplus/ (deficit) of associate	7	-	(2,500)	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year		(14,894)	16,261	35,440	45,444	41,555	41,555	41,558	58,374	97,231	99,161

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total revenue excluding grants is R45.5 million in 2014/15 and escalates to R47, 74 million by 2015/16 and R50.06 million by 2016/17.
2. Revenue to be generated from property rates is R21, 7 million in the 2014/15 financial year which represents 54.46% of the operating revenue base of the municipal and therefore remains a significant funding source for the municipality and increases to R24.78 million by 2015/16 and 26.03% in 2016/17.
3. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. It needs to be noted that in real terms the grants receipts from national government are growing rapidly over the MTREF by 26.4% and by 4.45% for the two outer years.
4. The following graph illustrate the major expenditure items per type.

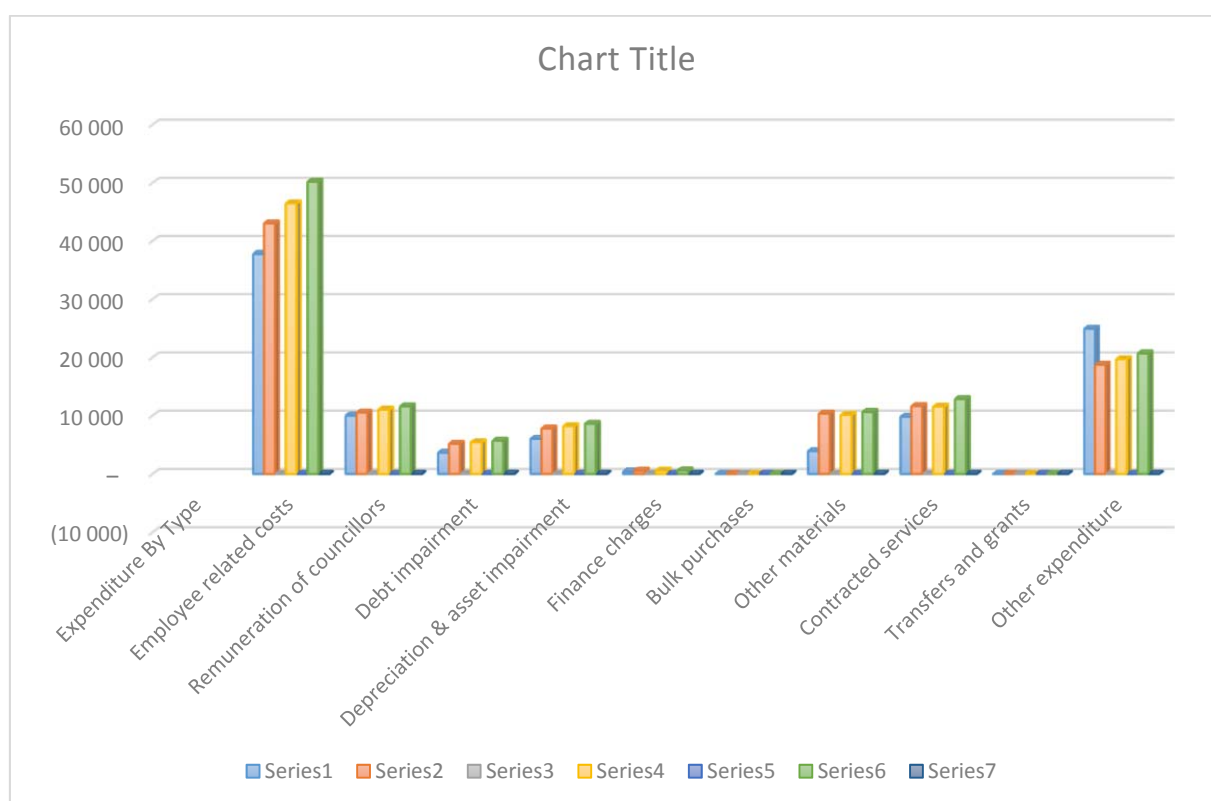


Figure 2 expenditure by type

5. Employee related cost, other material, contracted services and other expenditure are the main cost drivers within the municipality.

Table 14 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source.

KZN275 Mtubatuba - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand	1										
Single-year expenditure to be appropriated	2										
Vote 1 - Executive and Council		210	447	-	-	-	-	-	-	-	-
Vote 2 - Budget and Treasury		5,471	5,325	4,836	-	-	-	-	-	-	-
Vote 3 - Corporate Services		1,049	671	-	1,332	850	850	850	1,077	1,132	1,189
Vote 4 - Community Services		1,643	1,343	1,469	1,760	1,050	1,050	1,050	2,000	2,102	2,208
Vote 5 - Planning and Economic Development		12,589	14,583	6,206	200	-	-	-	-	-	-
Vote 6 - Roads		-	-	4,972	27,096	38,668	38,668	38,668	41,700	79,500	81,000
Vote 7 - Licence and Permits		-	-	-	255	250	250	250	580	610	640
Vote 8 - Solid Waste		-	-	-	-	-	-	-	450	1,450	1,450
Capital single-year expenditure sub-total		20,961	22,370	17,482	30,643	40,818	40,818	40,818	45,807	84,793	86,487
Total Capital Expenditure - Vote		20,961	22,370	17,482	30,643	40,818	40,818	40,818	45,807	84,793	86,487
Capital Expenditure - Standard											
<i>Governance and administration</i>		6,730	6,443	14,502	9,663	850	850	850	1,077	1,132	1,189
Executive and council		210	447	309	309	-	-	-	-	-	-
Budget and treasury office		5,471	5,325	8,023	8,023	-	-	-	-	-	-
Corporate services		1,049	671	6,170	1,332	850	850	850	1,077	1,132	1,189
<i>Community and public safety</i>		1,642	1,342	926	2,885	1,300	1,300	1,300	2,580	2,711	2,848
Community and social services		1,642	1,342	926	1,760	1,050	1,050	1,050	2,000	2,102	2,208
Sport and recreation		-	-	-	185	-	-	-	-	-	-
Public safety		-	-	-	255	250	250	250	580	610	640
Housing		-	-	-	648	-	-	-	-	-	-
Health		-	-	-	37	-	-	-	-	-	-
<i>Economic and environmental services</i>		12,589	13,125	18,052	35,120	38,668	38,668	38,668	41,700	79,500	81,000
Planning and development		3,777	4,375	6,017	6,017	-	-	-	-	-	-
Road transport		7,553	8,750	12,035	27,096	38,668	38,668	38,668	41,700	79,500	81,000
Environmental protection		1,259	-	-	2,006	-	-	-	-	-	-
<i>Trading services</i>		-	-	-	-	-	-	-	450	1,450	1,450
Electricity		-	-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	450	1,450	1,450
<i>Other</i>		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	3	20,961	20,910	33,480	47,668	40,818	40,818	40,818	45,807	84,793	86,487
Funded by:											
National Government		20,354	20,811	30,858	30,858	32,223	32,223	32,223	28,048	39,491	41,184
Provincial Government		-	-	-	-	570	570	570	2,100	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital		20,354	20,811	30,858	30,858	32,793	32,793	32,793	30,148	39,491	41,184
Public contributions & donations		-	-	-	-	-	-	-	-	-	-
Borrowing		-	-	-	-	-	-	-	-	-	-
Internally generated funds		607	100	2,622	16,810	8,025	8,025	8,025	15,659	45,302	45,303
Total Capital Funding	7	20,961	20,911	33,480	47,668	40,818	40,818	40,818	45,807	84,793	86,487

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source.

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations.
3. Single-year capital expenditure has been appropriated at R45, 8 million for the 2014/15 financial year and remains relatively constant over the MTREF at levels of R84, 79 million and R86, 48 million respectively for the two outer years.

4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the municipality.
5. The capital programme is funded from capital grants and transfers, and internally generated funds from current year surpluses. For 2014/15, capital transfers totals R30.14 million and escalates to R39.49 million by 2015/16 and R41.18 million for 2016/17 in the MTREF. Internal generated funds to cover a shortfall in capital budget will be R15.6 million in 2014/15 and in outer years will be R45.3 million and R45.3 million respectively. The internal generated funds will arise from surpluses in the statement of financial performance.

Table 15 MBRR Table A6 - Budgeted Financial Position

KZN275 Mtubatuba - Table A6 Budgeted Financial Position

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand											
ASSETS											
Current assets											
Cash		4	236	1,633	856		856	856	8,708	12,493	22,873
Call investment deposits	1	302	–	–	2,000	2,000	2,000	2,000	8,500	8,920	9,362
Consumer debtors	1	6,825	–	2,245	8,476	9,413	9,413	9,413	31,841	29,579	26,305
Other debtors		27,495	8,670	14,567							
Current portion of long-term receivables											
Inventory	2										
Total current assets		34,626	8,906	18,446	11,332	11,413	12,269	12,269	49,049	50,992	58,539
Non current assets											
Long-term receivables			17,565	15,688							
Investments											
Investment property		25,684	25,684	25,684	25,684	25,684	25,684	25,684	25,684	25,684	25,684
Investment in Associate											
Property, plant and equipment	3	90,313	248,708	264,303	131,607	131,607	131,607	131,607	306,438	372,116	439,501
Agricultural											
Biological											
Intangible		632	263	141	602	–	602	602	–	–	–
Other non-current assets			1,021	1,021							
Total non current assets		116,628	293,240	306,836	157,893	157,291	157,893	157,893	332,122	397,800	465,185
TOTAL ASSETS		151,254	302,146	325,282	169,225	168,704	170,162	170,162	381,171	448,792	523,725
LIABILITIES											
Current liabilities											
Bank overdraft	1	5,112	6,237	–							
Borrowing	4	1,303	270	2,810	1,500	1,500	1,500	1,500	1,700	–	–
Consumer deposits			1,728	626					–	–	–
Trade and other payables	4	32,475	27,287	29,155	6,000	6,000	6,000	6,000	13,483	3,000	2,500
Provisions		3,948			1,680		1,680		3,791	1,294	1,360
Total current liabilities		42,838	35,522	32,592	9,180	7,500	9,180	7,500	18,974	4,294	3,860
Non current liabilities											
Borrowing		5,757	6,979	3,463	5,866	5,866	10,366	10,366	1,212	–	–
Provisions		–	–	3,007	4,500		4,500	4,500	–	–	–
Total non current liabilities		5,757	6,979	6,471	10,366	10,366	14,866	14,866	1,212	–	–
TOTAL LIABILITIES		48,595	42,500	39,062	19,546	17,866	24,046	22,366	20,185	4,294	3,860
NET ASSETS	5	102,659	259,646	286,219	149,679	150,838	146,116	147,796	360,986	444,497	519,865
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		81,311	243,291	272,080	128,331	129,490	124,768	124,768	360,986	444,497	519,865
Reserves	4	21,348	16,355	14,478	21,348	21,348	21,348	21,348	–	–	–
Minorities' interests		–	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	5	102,659	259,646	286,557	149,679	150,838	146,116	146,116	360,986	444,497	519,865

Explanatory notes to Table A6 - Budgeted Financial Position

1. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
2. Supporting table SA3 providing a detailed analysis of the major components of a number of items, including:
 - > Call investments deposits;
 - > Consumer debtors;
 - > Property, plant and equipment;
 - > Trade and other payables;

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- > Provisions non-current;
- > Changes in net assets; and
- > Reserves

3. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
4. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position. The municipality has no intention to borrow in the 2014/15 financial year and has plan to settle to long term loan of DBSA in full at the beginning of the financial year.

Table 16 MBRR Table A7 - Budgeted Cash Flow Statement

KZN275 Mtubatuba - Table A7 Budgeted Cash Flows

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Ratepayers and other		21,224	24,016	25,868	32,273	32,273	32,273	32,273	36,348	38,114	49,598
Government - operating	1	19,081	45,265	51,368	68,018	68,018	68,018	68,018	90,448	123,012	128,743
Government - capital	1	16,505	19,360	30,858	32,223	32,223	32,223	32,223	30,148	29,491	30,684
Interest		200	72	455	4,367	4,367	4,367	4,367	424	446	468
Dividends		-	-	-	-	-	-	-	-	-	-
Payments											
Suppliers and employees		(35,310)	(65,079)	(72,659)	(106,274)	(106,274)	(106,274)	(106,274)	(94,538)	(99,214)	(106,378)
Finance charges		(215)	(564)	(978)	(200)	(200)	(200)	(200)	(541)	(568)	(597)
Transfers and Grants	1	(497)	(3,800)	-	-	-	-	-	(4,637)	(2,484)	(2,194)
NET CASH FROM/(USED) OPERATING ACTIVITIES		20,988	19,270	34,911	30,407	30,407	30,407	30,407	57,652	88,796	100,324
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE				1,122					4,425	4,650	4,885
Decrease (increase) in non-current debtors		2,823	4,939	(26,487)	5,186	5,186	5,186	5,186			
Decrease (increase) other non-current receivables		7,000	-	(17)	6,000	6,000	6,000	6,000			
Decrease (increase) in non-current investments											
Payments											
Capital assets		(22,003)	-	-	33,498	33,498	33,498	33,498	(45,807)	(74,793)	(75,987)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(12,180)	4,939	(25,382)	44,684	44,684	44,684	44,684	(41,382)	(70,143)	(71,102)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	192	-	-	-	-	-	-	-
Borrowing long term/refinancing		2,212	1,987	-	2,537	2,537	2,537	2,537	-	-	-
Increase (decrease) in consumer deposits		-	-	(2,088)	-	-	-	-	-	-	-
Payments											
Repayment of borrowing		(1,000)	-	-	(891)	(891)	(891)	(891)	(1,700)	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		1,212	1,987	(1,895)	1,646	1,646	1,646	1,646	(1,700)	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		10,020	26,196	7,634	76,737	76,737	76,737	76,737	14,570	18,653	29,222
Cash/cash equivalents at the year begin:	2	1,500	11,520	37,717	856	856	856	856	77,593	92,163	110,817
Cash/cash equivalents at the year end:	2	11,520	37,717	45,351	77,593	77,593	77,593	77,593	92,163	110,817	140,039

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. The approved 2014/15 MTREF provide for net increase in cash of R14.5 million.

4. The 2014/15 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
5. Cash and cash equivalents totals R92.1 million as at the end of the 2014/15 financial year and escalates to R110.8 million by 2015/16 and R140 million on the 2016/17.

Table 17 Cash Backed reserves

KZN275 Mtubatuba - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Cash and investments available											
Cash/cash equivalents at the year end	1	11,520	37,717	45,351	77,593	77,593	77,593	77,593	92,163	110,817	140,039
Other current investments > 90 days		(16,326)	(43,717)	(43,717)	(74,737)	(75,593)	(74,737)	(74,737)	(74,955)	(89,403)	(107,804)
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		(4,806)	(6,001)	1,633	2,856	2,000	2,856	2,856	17,208	21,413	32,235
Application of cash and investments											
Unspent conditional transfers		14,634	11,750	14,052	-	-	-	-	9,983	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	(10,759)	(2,417)	(8,306)	592	(2,558)	(2,558)	(2,558)	(24,966)	(23,437)	(26,679)
Other provisions		-	-	-	-	-	-	-	847	890	935
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		3,875	9,333	5,746	592	(2,558)	(2,558)	(2,558)	(14,136)	(22,547)	(25,744)
Surplus(shortfall)		(8,681)	(15,334)	(4,113)	2,264	4,558	5,414	5,414	31,344	43,961	57,979

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. From the table it can be seen that for the period 2014/15 to 2015/17 the surplus escalate from R31.3 million to R57.9 million.
6. Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2014/15 MTREF was properly funded.
7. As part of the budgeting and planning guidelines that informed the compilation of the 2015/16 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.

Table 18 MBRR Table A9 - Asset Management.

Mtubatuba Local Municipality- 2014/15 Annual Budget and MTREF

KZN275 Mtubatuba - Table A9 Asset Management

KZN275 Municipality - Table A9 Asset Management										
Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand										
CAPITAL EXPENDITURE										
<u>Total New Assets</u>	1	-	-	-	30,643	39,654	39,654	45,807	84,793	86,487
Infrastructure - Road transport		-	-	-	12,802	16,487	16,487	23,000	35,000	35,000
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	5,000	10,364	10,364	8,500	20,500	21,000
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	17,802	26,851	26,851	31,500	55,500	56,000
Community		-	-	-	4,550	3,447	3,447	10,200	22,576	26,656
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	8,291	9,356	9,356	4,107	6,717	3,831
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
<u>Total Renewal of Existing Assets</u>	2	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	-	-	-
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
<u>Total Capital Expenditure</u>	4	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		-	-	-	12,802	16,487	16,487	23,000	35,000	35,000
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	5,000	10,364	10,364	8,500	20,500	21,000
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	17,802	26,851	26,851	31,500	55,500	56,000
Community		-	-	-	4,550	3,447	3,447	10,200	22,576	26,656
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		-	-	-	8,291	9,356	9,356	4,107	6,717	3,831
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	2	-	-	-	30,643	39,654	39,654	45,807	84,793	86,487
ASSET REGISTER SUMMARY - PPE (WDV)										
Infrastructure - Road transport	5	9,195			12,802	16,487	16,487	23,000	35,000	35,000
Infrastructure - Electricity					5,000	10,364	10,364	8,500	10,500	10,500
Infrastructure - Water										
Infrastructure - Sanitation										
Infrastructure - Other					11,572	11,885	11,885	13,450	28,393	29,541
Infrastructure		9,195	-	-	29,374	38,736	38,736	44,950	73,893	75,041
Community		2,090			52,602					
Heritage assets		875			585					
Investment properties		25,684	25,684	25,684	25,684	25,684	25,684	25,684	25,684	25,684
Other assets					1,269	900	900	817	901	946
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		632	263	141	602	-	602	-	-	-
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	38,475	25,947	25,825	110,117	65,320	65,922	71,451	100,477	101,671
EXPENDITURE OTHER ITEMS										
<u>Depreciation & asset impairment</u>	3	5,708	6,589	11,014	7,998	6,020	6,020	7,791	8,188	8,601
<u>Repairs and Maintenance by Asset Class</u>		-	-	-	4,615	4,192	4,192	10,348	10,125	10,620
Infrastructure - Road transport		-	-	-	1,650	1,500	1,500	6,300	6,621	6,955
Infrastructure - Electricity		-	-	-	800	400	400	400	420	442
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	2,450	1,900	1,900	6,700	7,041	7,397
Community		-	-	-	300	350	350	450	473	497
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6, 7	-	-	-	1,865	1,942	1,942	3,198	2,611	2,727
TOTAL EXPENDITURE OTHER ITEMS		5,708	6,589	11,014	12,613	10,212	10,212	18,139	18,312	19,221
Renewal of Existing Assets as % of total capex		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Renewal of Existing Assets as % of deprecn"		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M as a % of PPE		0.0%	0.0%	0.0%	3.5%	3.2%	3.2%	3.4%	2.7%	2.4%
Renewal and R&M as a % of PPE		0.0%	0.0%	0.0%	4.0%	6.0%	6.0%	14.0%	10.0%	10.0%

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of assets, as well as spending on repairs and maintenance by asset class.

Table 19 MBRR Table A10 - Basic Service Delivery Measurement

Mtubatuba Local Municipality- 2014/15 Annual Budget and MTREF

KZN275 Mtubatuba - Table A10 Basic service delivery measurement

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Household service targets	1									
Water:										
Piped water inside dwelling										
Piped water inside yard (but not in dwelling)										
Using public tap (at least min.service level)	2									
Other water supply (at least min.service level)	4									
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Using public tap (< min.service level)	3									
Other water supply (< min.service level)	4									
No water supply										
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:										
Flush toilet (connected to sewerage)										
Flush toilet (with septic tank)										
Chemical toilet										
Pit toilet (ventilated)										
Other toilet provisions (> min.service level)										
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Bucket toilet										
Other toilet provisions (< min.service level)										
No toilet provisions										
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
Energy:										
Electricity (at least min.service level)										
Electricity - prepaid (min.service level)										
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Electricity (< min.service level)										
Electricity - prepaid (< min. service level)										
Other energy sources										
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
Refuse:										
Removed at least once a week		2,629			2,629	2,629	2,629	5,000	5,300	5,600
<i>Minimum Service Level and Above sub-total</i>		2,629	-	-	2,629	2,629	2,629	5,000	5,300	5,600
Removed less frequently than once a week		203			203	203	203			
Using communal refuse dump		237			237	237	237	300	400	500
Using own refuse dump										
Other rubbish disposal										
No rubbish disposal										
<i>Below Minimum Service Level sub-total</i>		440	-	-	440	440	440	300	400	500
Total number of households	5	3,069	-	-	3,069	3,069	3,069	5,300	5,700	6,100
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)										
Sanitation (free minimum level service)										
Electricity/other energy (50kwh per household per month)										
Refuse (removed at least once a week)					102	102	102	200	300	400
Cost of Free Basic Services provided (R'000)	8									
Water (6 kilolitres per household per month)										
Sanitation (free sanitation service)										
Electricity/other energy (50kwh per household per month)										
Refuse (removed once a week)								100	150	200
Total cost of FBS provided (minimum social package)		-	-	-	-	-	-	100	150	200
Highest level of free service provided										
Property rates (R value threshold)										
Water (kilolitres per household per month)										
Sanitation (kilolitres per household per month)										
Sanitation (Rand per household per month)										
Electricity (kwh per household per month)										
Refuse (average litres per week)										
Revenue cost of free services provided (R'000)	9									
Property rates (R15 000 threshold rebate)								100	200	300
Property rates (other exemptions, reductions and rebates)										
Water										
Sanitation										
Electricity/other energy										
Refuse										
Municipal Housing - rental rebates										
Housing - top structure subsidies										
Other										
Total revenue cost of free services provided (total social package)	6	-	-	-	-	-	-	100	200	300

Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. The Municipality continues to make good progress with the eradication of backblocks. Refuse services – backlog will be reduced by 500 households in 2014/15, and a further 150 households in the outer two years of the MTREF.
3. The budget provides for 200 households to be registered as indigent in 2014/15, and therefore entitled to receiving Free Basic Services. The number is set to increase to 300 and 400 households in the outer years.
4. It is anticipated that these Free Basic Services will cost the municipality R200 thousand in 2014/15, increasing to R350 thousand in 2015/16. This is covered by the municipality's equitable share allocation from national government.

1.11. Municipal manager's quality certificate

I, municipal manager of Mtubatuba Local Council, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name _____
Municipal manager of Mtubatuba Local Municipality (KZN275)

Signature _____

Date _____